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FILE ONLY

# \$671 Million Suit Filed by Rewald Against CIA

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Embattled investment counselor Ronald Rewald today filed a \$671 million suit against the CIA, but the grounds for the suit remain secret under a federal court order.

Rewald's civil attorney Robert Smith this morning filed the suit in U.S. District Court here and filed an identical suit by mail in U.S. Claims Court in Washington, D.C.

Smith said the suits were filed because Rewald believes "he has claims against the agency" and that pursuing those claims is "the only way investors are going get back their money."

MEANWHILE, a group of Northern California investors filed suit yesterday against the CIA, seeking \$5.5 million damages for allegedly portraying Rewald's company — Bishop, Baldwin, Rewald, Dillingham & Wong — as a CIA operation.

Although the grounds for Rewald's suits are secret, it was the first time Rewald has publicly charged that the CIA had something to do with his company.

While others involved in the company have suggested Rewald's operation was a front for CIA activities, Rewald, through his attorneys, has refused to comment at all about the CIA.

While charging in general terms that the CIA was liable for damages, the specific grounds for the suit are sealed. A federal court order signed by U.S. Judge Martin Pence last year restricts parties involved in the Rewald case from referring to matters pertaining to the CIA.

The Hawaii chapter of the American Civil Liberties Union is challenging that order, contending it is too broad.

SMITH ANNOUNCED two weeks ago, after disclosing that he had joined forces with San Francisco attorney Melvin Belli,

that he would be suing the CIA. Belli represents a group of investors who contend they invested money in Rewald's company because they thought it was connected to the CIA.

Sources have said that at least one CIA agent used Rewald's company for cover and several business associates have said they believed the company was doing work for the CIA. While running the company, Rewald also was involved in several other companies described by sources as CIA "fronts."

Judge Pence and bankruptcy administrator Thomas Hayes have said Rewald's involvement with the CIA was minimal and does not explain his alleged use of investor money for his personal expenses.

In September, CIA attorney Robert Laprade filed an affidavit in which he said the CIA was not involved in the formation of the company and had "absolutely nothing to do" with Rewald's alleged theft of investor money.

After the company was forced into bankruptcy in August, some \$17 million in company funds was found to be missing.

Rewald was released from prison last week after relatives and friends posted \$140,000 bail.

Smith said Rewald would like to go to California to meet with Belli and then to Wisconsin to visit his wife and children whom he has not seen since his arrest six months ago. Tomorrow, Circuit Judge Robert Chang will hear Rewald's request to travel.

THE SUIT filed yesterday was brought by Robert W. Jinks of Napa, Calif., doing business as Napa Properties, and 14 Napa County investors in the partnership.

The suit said Jinks and the 14

others invested \$597,938 in the company from October 1982 through June 1983.

According to the suit, Rewald told Jinks that the company was a CIA operation and funds invested, including principal and interest, were "secured and backed by the full faith and credit" of the United States and guaranteed by the CIA.

It further claimed Rewald said the investment was being used for the CIA and national security and the company was started by the agency to "infiltrate international banking operations in order to discover transfers of capital to and from communist countries."

Rewald also said the investment would have a guaranteed growth of at least 20 percent annually, the suit alleged.

Dale Peterson, CIA public affairs officer in Washington, said he would have no comment on the suit, but said documents released by a court in Hawaii indicated the CIA involvement with the company was "very minor, very small."